United Nations Industrial Development Organization

Distr.: General
20 April 2015

Original: English

Industrial Development Board
Forty-third session
Vienna, 23-25 June 2015
Item 7 of the provisional agenda
Implementation of the Lima Declaration: Towards inclusive and sustainable industrial development

Implementation of the Lima Declaration: Towards inclusive and sustainable industrial development

Report by the Director General

In accordance with resolution GC.15/Res.1, this document reports on UNIDO's assistance to Member States towards achieving enhanced levels of inclusive and sustainable industrial development and on its developmental impact. The document provides up-to-date information on UNIDO's strategic approach to partnerships in this context. In line with resolution GC.15/Res.2, this document also provides a progress report on UNIDO and the post-2015 development agenda.

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I. Technical assistance towards inclusive and sustainable industrial development

Introduction

1. Document IDB.42/14 provided a first account of the implementation of the Lima Declaration, focussing on results-based accounting of UNIDO's technical cooperation (TC) activities along the three dimensions of inclusive and sustainable industrial development (ISID). The report introduced the 2014 initiatives to build partnerships to effectively promote ISID in developing Member States, through the establishment of the Partnerships and Results Monitoring Branch (PRM) backed by a communication outreach strategy; and through two key ISID Forums. The ISID Forum held in June 2014 aimed to facilitate the exchange of knowledge and best practices among countries, while the ISID Forum in November 2014 defined concrete Programmes for Country Partnerships (PCPs), starting with two pilot countries.

2. This section of the present document covers the period from October 2014 to April 2015. It provides an overview of performance in 2014 of TC aimed at ISID and summarizes the achievements of the second ISID Forum held in November 2014 and the design and promotion of the PCPs in Ethiopia and Senegal, showing how the strategic deployment of UNIDO's traditional TC services in the PCPs enhances the development impact of UNIDO TC activities.

Technical cooperation performance in 2014

3. In 2014, UNIDO delivered a total of $171.2 million in TC services in a hundred countries. The majority of the services, $108.1 million or 63.2 per cent of the total volume of TC delivery in 2014, were aimed at the ISID thematic area of environmental sustainability. $32.0 million, or 18.7 per cent of the total, were aimed at social inclusiveness, through services in poverty alleviation through job creation, particularly in rural areas. 14 per cent of the total was allocated to services promoting the competitiveness of small and medium enterprises, and to services contributing to economic growth through the facilitation of international trade for manufactured products originating from developing countries.

4. A total of $53.6 million, or 31.3 per cent of the total, were delivered in Africa (including North African Arab States), making the region the largest recipient of UNIDO's assistance, followed by Asia ($49.9 million or 29.1 per cent of the total), Eastern Europe and Central Asia ($24.2 million or 14.1 per cent), Latin America and the Caribbean ($8.9 million or 5.2 per cent) and Western Asia Arab States ($7.9 million or 4.6 per cent).

5. A typical feature of UNIDO's resource flows is that funding for TC services is voluntary for nearly all the Organization's technical assistance operations: indeed, the Constitution of UNIDO states (paragraph B, annex II) "In order to improve the effectiveness of the Organization's programme of work in the field of industrial development, the regular budget shall also finance other activities heretofore financed out of Section 15 of the United Nations Regular Budget, in the amount of 6 per cent of the total of the regular budget."

6. UNIDO therefore has to raise voluntary contributions for most of its TC operations. These are earmarked contributions, mobilized on a project-by-project basis. A significant share of the Organization's core resources has to thus be allocated to raising funds for UNIDO's TC programmes. This also means that the Secretariat does not have complete control over the thematic allocation of its TC resources, as these depend on the willingness of external sponsors such as multilateral funds and bilateral donors.

7. Through their financial contributions, the Global Environment Facility and the Multilateral Fund for the Montreal Protocol supported nearly half of UNIDO's total TC delivery in 2014 (47.9 per cent), underwriting the dominance of the energy and environment prong of ISID in the TC operations that year. Next came the European Union (11.3 per cent) and bilateral donors such as Switzerland, Japan and Italy.

8. The voluntary contributions to UNIDO TC activities by non-Member States such as Canada and the United States of America should be noted. Another remarkable trend is that of growing inflows from developing countries such as China, India and other large emerging economies, as well as Nigeria, Côte d'Ivoire, Gabon and others. For example, in 2014 Niger signed a multi-million dollar trust fund with UNIDO, to secure TC support for the national food security strategy "les Nigériens nourissent les Nigériens".

9. Funded through voluntary contributions, the continued inflow of resources invested in support of UNIDO TC operations highlights the perceived relevance of the Organization's services to developing Member States. In 2014, UNIDO raised a total of $191 million towards its TC operations, the second highest figure of voluntary contributions in the Organization's history.

10. However, the prospect of reaching a plateau in TC operations exists, if the demands of developing countries and the growing streams of voluntary contributions raised towards offering commensurate TC services are not matched by adequate resources to maintain or expand service delivery capacity. UNIDO TC operations are highly skill-intensive and require considerable time investment by the Secretariat's workforce of experts and project managers. The $171.2 million TC delivery recorded in 2014 was distributed over no less than 883 projects. Only 31 projects absorbed more than $1 million of services during the year, and 300 projects altogether showing a delivery in excess of $100,000.

11. As evidenced by independent evaluations carried out over the years, these projects are appreciated by the recipients, indicating that they offer an effective response to their needs. They therefore appear adequately designed, but a large number of relatively small projects raises several issues: it puts pressure on the delivery capacity of the Secretariat; it prolongs the efforts under way to a full, ISID-consistent, results-based management and reporting system; on its own, it cannot mobilize the volumes of resources needed to trigger a momentum towards ISID. A new business model is called for, whereby UNIDO's TC resources are strategically invested to leverage larger, parallel flows of public and private investment by Governments, multilateral development banks, and large and small private sector actors.

The partnership approach

12. Through its partnership approach, UNIDO uses its grant-funded, specialized services to address externalities and coordination failures that together inhibit the flow of public and private investment to ISID. The elementary services remain unchanged and follow the vision of, inter alia, the expanded medium-term programme framework 2010-2013 (IDB.35/8/Add.1) and the outcome document of the informal working group on the future, including programmes and resources, of UNIDO, entitled "Strategic Guidance Document" (IDB.41/24). These services are deployed through Programmes for Country Partnerships (PCPs) designed, promoted and executed under the leadership of the national authorities and in close cooperation with development assistance and investment partners.

13. PRM began working in the pilot countries Ethiopia and Senegal, two low-income countries in Africa. The pilot countries were selected in line with specific criteria, such as the availability of a well-articulated national industrialization strategy supported by a clear business plan, and the necessity to design compact PCPs amenable to yielding tangible benefits within a short time frame.

14. First, high-level missions visited both countries in 2014 to meet with Government authorities, industry associations, development partners and bilateral and multilateral development banks, and to brief stakeholders on the main tenets of UNIDO's partnership approach towards ISID. Second, these missions were followed by technical teams who developed, by early November 2014, the outline of PCPs embedded in national development strategies, development assistance programmes, and investment flows. The two PCPs were presented at the second ISID Forum in November 2014.

15. Following the second ISID Forum, the outline PCPs were developed in detailed documents approved by the UNIDO Executive Board in December 2014, and subsequently by the Governments of Ethiopia and Senegal in February and March 2015, respectively. IDB.42/CRP.5 provides greater detail on the two PCPs and the relevant programme documents are available upon request.

16. The constituting services deployed in the two PCPs draw on the regular TC capacities of the Organization. Industrial policy advice, agro-poles and agro-industrial parks, energy efficient technologies, waste management and cleaner production, investment promotion and trade facilitation are the building blocks of these comprehensive interventions. However, what is new is the leverage effect of the partnership approach. While the grant-funded PCPs cost $30 million to $40 million, comparable with the larger programmes carried out by UNIDO, they are effectively integrated into far larger initiatives by the host Governments with the documented support of development finance institutions such as the World Bank, the International Finance Corporation or the European Investment Bank.

17. The central role of UNIDO in these multi-stakeholder initiatives is reflected in the coordination platforms established by the national Governments in Ethiopia and in Senegal. The coordination mechanisms include all relevant ministries, development partners and finance institutions, and assign a central role to UNIDO to facilitate the coordination of these interventions.

18. The Results Monitoring Unit of PRM will develop performance indicators to objectively capture the ultimate development impact of the PCPs when accounting for parallel streams of investment finance, and private corporate resources.

II. UNIDO and the post-20215 development agenda

Current status

19. The Open Working Group (OWG), which was tasked with proposing a set of Sustainable Development Goals (SDGs), included in its final report of 19 July 2014 goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation". To strengthen the linkages between SDGs in order to capitalize on synergies and further break down silo-approaches, ISID-related targets were also included in goal 8: "Sustained economic growth and employment" and in goal 12: "Sustainable consumption and production". UNIDO also has a potential role to play in proposed goal 17: "Strengthen the means of implementation and revitalize the global partnership for sustainable development", specifically supporting Member States in the areas of partnership and technology transfer.

20. Following the publication of the OWG outcome document, the United Nations Secretary-General published his synthesis report on 4 December 2014, and in January 2015 the intergovernmental negotiations process, which includes all Member States, took over from the OWG. These developments represent major milestones in the post-2015 process.

21. The intergovernmental negotiation process on the post-2015 development agenda was first mandated by the United Nations General Assembly at its special event on the Millennium Development Goals in September 2013, which also decided that a Global Summit should be held in September 2015 to adopt a new United Nations development agenda. The first of these negotiating sessions took place from 19 to 21 January 2015 and focused on taking stock of the process so far. The second session took place from 17 to 20 February 2015, and focused on the "declaration" element of the outcome of the process. The third session took place from 23 to 27 March 2015 and addressed the goals, targets and indicators.

Engagement in the processes (post-Open Working Group)

22. In line with resolutions GC.15/Res.1 and GC.15/Res.2, UNIDO is actively engaging in the various processes to elaborate the new development framework.

23. In order to be responsive to the specific needs and expectations of Member States, UNIDO has fostered an open dialogue with its Member States throughout the process. Since March 2013, six briefings on the post-2015 development agenda have been held, with the active participation of Member States representatives in Vienna. Communication channels and cooperation have also been strengthened in field locations and through the work of UNIDO's Liaison Offices. In support of ISID, a Group of Friends of ISID was established in November 2013 in New York, which has grown to comprise 38 Permanent Representatives to the United Nations. This group has expressed strong support for ISID in the current intergovernmental negotiations and issued a common statement during the tenth session of the OWG in

April 2014. UNIDO has facilitated a series of briefings on ISID-related issues to various regional and political groups.

24. As a member of the UNDG, UNIDO, through its field network, also engaged in the various consultations organized at the country and regional levels. It further lent its expertise to support the UNDG's thematic consultations in the areas of economic growth and employment, environmental sustainability, and energy. As part of the UNDG's second round of consultations on means of implementation (MOIs), UNIDO was requested to co-lead the consultations on "Engaging with the private sector", together with the United Nations Global Compact. These consultations included, among others, the "Europe and Central Asia strategic consultation" which took place in June 2014 in Bratislava.

25. In December 2014 the co-facilitators of the intergovernmental negotiations requested the support of the United Nations Statistical Commission (UNSC) in developing an indicator framework. The forty-sixth session of the UNSC took place from 3 to 6 March 2015, and was organized on the theme of "Data in support of the post-2015 development agenda". UNIDO engaged actively and fully in this process and provided a comprehensive draft framework of indicators for goal 9 and other related goals.

The way forward

26. Although great progress has been made in elaborating the post-2015 development agenda, its final content and shape are not yet complete. Four more intergovernmental sessions will take place before the summit in September. The first of these will be on means of implementation (MOIs) and partnership. This will be followed by a follow-up and review session, and three sessions on the outcome document itself in the months before the summit. It remains to be seen if or how the "six elements" outlined in the Secretary-General's synthesis report will be included in the outcome document.

27. The Third International Conference on Financing for Development will take place from 13 to 16 July 2015 in Addis Ababa. It is expected to result in an agreed intergovernmental outcome document, the "Addis Ababa Accord". It is envisaged that the outcome document will constitute a significant input to the understanding of realistic and implementable MOIs. UNIDO will actively participate in, and contribute its expertise to, the event.

28. Regarding indicators, a refined indicator framework for the SDGs and their targets will be proposed in July 2015 by the Inter-agency and Expert Group on SDG Indicators. UNSC's forty-sixth session endorsed a road map with a timetable which foresees the endorsement of an indicator framework at its forty-seventh session in March 2016.

29. In these final stages of the process of formulating the SDGs and their related targets and indicators, UNIDO will continue to engage with the post-2015 development agenda and support Member States in this process through its field network, Liaison Offices and at Headquarters. UNIDO will also prepare itself to take an active role in helping its Member States to develop their national capacities in monitoring, as well as its own capacity to collect data and report on a global basis.

III. Action required of the Board

30. The Board may wish to take note of the information provided in the present document.

United Nations Industrial Development Organization

Distr.: General
20 April 2015

Original: English

Industrial Development Board
Forty-third session
Vienna, 23-25 June 2015
Item 8 of the provisional agenda
Preparations for the sixteenth session of the General Conference

Preparations for the sixteenth session of the General Conference

Report by the Director General

The present report provides general information on the organization of the work of the sixteenth session of the General Conference, including items proposed for inclusion in the provisional agenda.

I. Introduction

1. The General Conference of UNIDO is the principal organ of the Organization, consisting of representatives of all Members (Articles 7.1 and 8.1 of the Constitution). The main functions of the Conference are stipulated in Article 8.3 of the Constitution. In particular, the Conference should determine the guiding principles and the policies of the Organization. Unless it decides otherwise, the Conference is to hold a regular session every two years, at the seat of the Organization (Article 8.2). The last regular session (fifteenth) of the Conference was held in Lima, Peru, from 2 to 6 December 2013.

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II. Background information

A. Date and place of the Conference

2. In line with General Conference decision GC.15/Dec.20, the sixteenth session of the General Conference will be held in Vienna from 30 November to 4 December 2015. It is planned that the meetings of the General Conference will take place in the C-building of the Vienna International Centre.

B. Budgetary matters

3. The Organization's resources available for holding the sixteenth session of the Conference, as provided for in the programme and budgets of UNIDO, 2014-2015, total €826,700. The budget of the Conference is based on the following assumptions:

(a) The session will last five working days providing for 10 plenary meetings as well as meetings of the main committee and geographical groups;

(b) Interpretation for plenary and main committee meetings and documentation will be provided in six languages (Arabic, Chinese, English, French, Russian and Spanish);

(c) As per Board decision IDB.41/Dec.12 (l), with the suspension of rule 65 of the rules of procedures, summary records will not be provided for the sixteenth session of the Conference.

C. Agenda

4. In accordance with Article 9.4 (g) of the Constitution, the Board prepares the provisional agenda for each session of the General Conference. Rule 13 of the rules of procedure of the Conference provides guidelines for the contents of the provisional agenda of a regular session of the Conference. Furthermore, in accordance with rule 12, the Board shall prepare that provisional agenda on the basis of a list of items proposed for inclusion as submitted by the Director General.

5. Annotations indicating briefly the history of each item, the proposed documentation, the substance of the matter to be discussed and earlier relevant decisions by the Conference or other organs of the Organization will be issued following the forty-third session of the Board.

6. A list of items proposed for inclusion in the provisional agenda for the sixteenth session of the Conference is contained in annex I to the present document, together with an indication of relevant mandates for the items. A provisional schedule of work is contained in annex II to the present document.

D. Documentation

7. In accordance with rule 23 of the rules of procedure of the Conference, documents required for consideration of items on the provisional agenda will be

distributed by the Director General in all languages of the Conference to all recipients of the provisional agenda not later than forty-five days before the opening date of the session.

III. Organization of the work of the Conference

8. In keeping with practice of previous sessions of the General Conference, an overarching theme has been developed for the sixteenth session "Sustainable industrialization for shared prosperity".

9. As encouraged by the Conference in resolution GC.9/Res.1, a forum on industrial development issues is foreseen. At the sixteenth session, it is planned to integrate the Forum on inclusive and sustainable industrial development (ISID), as well as the UNIDO donor meeting. The ISID Forum and the donor meeting will take place during plenary meetings to provide an opportunity for high-level participants to communicate their views on selected topics, thereby allowing for a thematic and interregional debate (annex II, proposed schedule of work). In line with resolution GC.9/Res.1, it is suggested that the two events be included in the provisional agenda of the session (annex I, item 9).

10. With a view to enhancing the debate on critical issues, it is proposed to introduce a speaking limit during the general debate of five minutes for Member States and ten minutes for regional groups.

11. At its previous sessions, the Conference established a main committee to which it allocated a number of agenda items. The Board may wish to recommend to the Conference a similar procedure for its sixteenth session, keeping in mind that the possibility of creating additional committees is constrained by the limited resources available (see para. 3 above). Items 7 to 19 of the proposed draft agenda would thus be referred to the main committee for a more focused debate aimed at the preparation of consensus draft decisions and resolutions for submission to the plenary.

12. The work of the previous sessions was also facilitated by setting up, under the guidance of the President of the Board, informal consultations for the preparation of the Conference. Such an informal group, composed of representatives of permanent missions to UNIDO in Vienna, has met prior to previous sessions of the Conference and has prepared a report to the Conference containing recommendations that cover most of the items on the agenda as well as organizational matters.

13. Taking into consideration past experience, the Board may wish to suggest the early commencement of informal consultations chaired by the President of the Board. To facilitate the work of the informal consultations in advance of the General Conference, it is strongly recommended to adopt the successful approach of other organizations in establishing a deadline for the submission of draft decisions and resolutions of three weeks prior to the Conference.

IV. Action required of the Board

14. The Board may wish to consider adopting the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.43/13;

(b) Adopts the following agenda for the sixteenth session of the General Conference:

[...]

(c) Agrees to hold a forum on industrial development issues within the framework of the General Conference (provisional agenda, item 9);

(d) Recommends to the Conference that items 7 to 19 of the provisional agenda be allocated to a main committee of the Conference;

(e) Recommends that, in the light of experience gained in the preparation of previous sessions of the Conference, the President of the forty-third session of the Industrial Development Board conduct informal consultations for the preparation of the sixteenth session of the Conference;

(f) Urges Member States to submit to the informal consultations any proposed draft decisions or resolutions by 6 November 2015."

Annex I

Items proposed for inclusion in the provisional agenda[1]

General Conference, sixteenth session
30 November to 4 December 2015

		Mandate
1.	Opening of the session.	Rule 34
2.	Election of officers.	Rule 35
3.	Adoption of the agenda.	Rule 17
4.	Organization of work.	Rules 44-47
5.	Credentials of representatives to the Conference.	Rule 28
6.	Elections to organs:	Rule 102
	(a) Industrial Development Board;	Constitution, Article 9.1
	(b) Programme and Budget Committee.	Constitution, Article 10.1
7.	Annual reports of the Director General on the activities of the Organization for 2013 and 2014.	Rule 13.1 (b)
8.	Reports of the Industrial Development Board on the work of its forty-second and forty-third regular sessions.	Constitution, Article 8.3 (b) Rule 13.1 (c)
9.	Forum on industrial development issues.	GC.9/Res.1
10.	Financial matters:	
	(a) Scale of assessments of Member States;	Constitution, Article 15 Rule 13.1 (k)
	(b) Financial situation of UNIDO;	Rule 13.1 (l), IDB.27/Dec.2 (e)
	(c) Working Capital Fund;	Financial regulation 5.4
	(d) Appointment of an External Auditor.	Financial regulation 11.1
11.	Programme and budgets, 2016-2017.	Constitution, Articles 8.3 (c) and 14; Rule 13.1 (i)

[1] To be updated to take account of mandates adopted by the Board at its forty-third session.

		Mandate
12.	Medium-term programme framework, 2016-2019	GC.2/Dec.23, GC.6/Dec.10, GC.13/Res.3, GC.14/Dec.18, GC.15/Dec.17, GC.15/Dec.18
13.	Implementation of the Lima Declaration: Towards inclusive and sustainable industrial development	GC.15/Res.1
14.	UNIDO activities related to energy and the environment.	Proposed by the Director General (rule 13.1 (b))
15.	UNIDO activities related to agribusiness, trade capacity-building and job creation.	Proposed by the Director General (rule 13.1 (b))
16.	UNIDO activities related to the Lima Ministerial Declaration for the Least Developed Countries.	GC.15/Res.6
17.	Personnel matters, including UNIDO Staff Pension Committee.	Staff regulation 13.2, document IDB.43/15 refers GC.1/Dec.37
18.	Matters related to intergovernmental, non-governmental, governmental and other organizations.	GC.1/Dec.41, annex
19.	Date and place of the seventeenth session.	Rule 13.1 (s)
20.	Closure of the session.	

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Annex II

20 April 2015

General Conference, sixteenth session

30 November to 4 December 2015, Vienna

Overarching theme: "Sustainable industrialization for shared prosperity"

PROPOSED TENTATIVE SCHEDULE OF WORK

Monday, 30 November 2015	*Tuesday, 1 December 2015*	*Wednesday, 2 December 2015*	*Thursday, 3 December 2015*	*Friday, 4 December 2015*
	9 a.m. General Committee	9.15-10.15 a.m. Credentials Committee (*tentative*)		
1st plenary meeting 10 a.m.-12:30 p.m. Opening — General debate Statements by Heads of State and Government	**3rd plenary meeting** 10 a.m.-1 p.m. General debate	**5th plenary meeting** 10 a.m.-1 p.m. General debate	**7th plenary meeting** 10 a.m.-1 p.m. General debate • Credentials of representatives to the Conference (item 5) • Appointment of an External Auditor (item 10 (e)) — (if required)	**9th plenary meeting** or **Main Committee** — 7th meeting 10 a.m.-1 p.m. (if required)
	Main Committee — 1st meeting 10.30 a.m.-1.30 p.m.	**Main Committee** — 3rd meeting 10.15 a.m.-1.15 p.m.	**Main Committee** — 5th meeting 12 noon (*tentative*)	
2nd plenary meeting 3-4 p.m. Keynote speech	**4th plenary meeting** 3-5 p.m. ISID Forum	**6th plenary meeting** 3-6 p.m. Donors meeting	**8th plenary meeting** 3-6 p.m. General debate	**10th plenary meeting** 3-6 p.m. Consideration and adoption of decisions and resolutions
4-6 p.m. Inclusive and Sustainable Industrial Development (ISID) Forum	5-6 p.m. Launch of the Industrial Development Report			
	Main Committee — 2nd meeting 3.30-6.30 p.m.	**Main Committee** — 4th meeting 3.30-6.30 p.m.	**Main Committee** — 6th meeting 3.30-6.30 p.m. (*tentative*)	

IDB.43/13

United Nations Industrial Development Organization

Distr.: General
20 April 2015

Original: English

Industrial Development Board
Forty-third session
Vienna, 23-25 June 2015
Item 9 of the provisional agenda
Activities of the Joint Inspection Unit

Activities of the Joint Inspection Unit

Report by the Director General

The present document provides information on the activities of the Joint Inspection Unit (JIU) in accordance with the follow-up scheme to recommendations in accordance with decision IDB.24/Dec.11.

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I. Introduction

1. The Joint Inspection Unit (JIU) became a subsidiary organ of the Industrial Development Board by its decision IDB.1/Dec.22. A system of follow-up to JIU recommendations was outlined in document IDB.24/18 and subsequently approved in decision IDB.24/Dec.11. In accordance with the provisions therein, JIU reports will be considered by each regular Board session.

II. Reports and notes submitted by the Joint Inspection Unit

2. A total of seven JIU reports[1] and two notes were received[2] by the Organization since the previous Board document covering this subject (IDB.42/11). Four reports and one note listed below are of relevance to UNIDO:

JIU/REP/2014/1 — An analysis of the resource mobilization function within the United Nations system.

JIU/REP/2014/3 — Capital/Refurbishment/Construction projects across the United Nations system organizations.

JIU/REP/2014/4 — Post-Rio+20 review of environmental governance within the United Nations system.

JIU/REP/2015/1 — Evaluation of mainstreaming of full and productive employment and decent work by the United Nations system organizations.

JIU/Note/2014/1 — Use of retirees and staff retained beyond the mandatory age of separation at United Nations organizations.

A further three reports issued by the JIU were not of relevance to UNIDO:

JIU/REP/2014/2 — Review of management and administration in the World Intellectual Property Organization (WIPO).

JIU/REP/2014/5 — Follow-up inspection to the 2009 review of management and administration in the World Tourism Organization (WTO).

JIU/REP/2014/7 — Review of management and administration of the Office of the United Nations High Commissioner for Human Rights (OHCHR).

3. In line with the previous report to the Board (IDB.42/11), the present document no longer contains a summary of JIU reports and notes of direct relevance to UNIDO. All reports and notes of the JIU are readily available on the JIU website. Furthermore, all recommendations and statistics applicable to UNIDO, as well as UNIDO's compliance and comments on recommendations are available through the web-based tracking system (WBTS).[3]

[1] JIU reports and notes in all official languages can be accessed via the JIU website www.unjiu.org/.

[2] At the time this report was prepared.

[3] Please refer to paragraph 5 for information regarding access to WBTS.

4. The reports contain a total of 16 recommendations relevant to UNIDO. UNIDO accepted and complies with 11 of these, one was not accepted, 3 were not relevant and one has not been responded to yet.

III. Implementation of Joint Inspection Unit recommendations at UNIDO

5. The United Nations General Assembly, in its resolution 60/258 of 8 May 2006, requested the JIU to strengthen the follow-up to the implementation of its recommendations, and to include in future annual reports more information on the impact of full implementation of its recommendations. Accordingly, the Unit enhanced its follow-up system through WBTS which is available at the JIU website. Member States can be granted "read-only" access to yearly consolidated data on the status of implementation of recommendations by registering with the JIU through the Focal Point for JIU matters in UNIDO, the Office of Internal Oversight Services.[4]

6. In the last quarter of each year, the JIU requests from, inter alia, UNIDO pertinent information on recommendations issued in the last three years, i.e. status of acceptance (accepted, rejected, under consideration), status of implementation (not started, in progress, implemented) and impact. The JIU then presents the aggregate outcome in its yearly activity report to the United Nations General Assembly.

7. The status of acceptance and implementation for UNIDO for the period 2011-2014 is presented in the table below (in percentage of recommendations issued).

Table[5]

	Acceptance					*Implementation*			
	Not relevant	*Accepted/ approved*	*Rejected*	*Under consideration*	*No information provided*	*Not started*	*In progress*	*Implemented*	*No information provided*
UNIDO	5.63	83.8	10.56	0	0	0.84	12.61	85.71	0.84

8. It should be noted that UNIDO remained one of the organizations showing a consistently strong performance regarding the status of acceptance (80 per cent and above) with regard to the status of considerations of reports by its governing bodies.

IV. Interaction with the Joint Inspection Unit

9. The JIU enhanced its outreach to Member States in New York and Geneva with the aim of raising awareness about recent accomplishments of the Unit and the need to strengthen its oversight capacity. Delegations were briefed on different

[4] Via e-mail: IOS@unido.org.

[5] As per information contained in WBTS.

aspects of the work of the Unit (annual programme of work, results of the self-evaluation and peer review, reform efforts, demand for additional resources, etc.). The participation of inspectors in sessions of the legislative or governing bodies of the Unit's participating organizations in New York, Geneva and Nairobi to introduce the Unit's reports were useful opportunities to enhance dialogue with Member States.

10. The third meeting of the Unit's focal points, held in Geneva in October 2014, was attended by representatives of 21 participating organizations, including UNIDO. The objectives of the meeting were to share information, take stock of developments, discuss issues of concern and make suggestions to address them. The constructive exchange of opinions has contributed to enhancing mutual understanding and cooperation, giving new impetus to the relationship of the Unit with its participating organizations.

11. Interactions with oversight bodies expanded in 2014, through meetings with the heads of oversight at various organizations as well as the Chair of an Audit Committee of one Organization. The Unit chaired the annual tripartite meeting of the three oversight bodies of the United Nations: the Board of Auditors, the Office of Internal Oversight Services and the Unit. The draft programmes of work for 2015 were shared and discussed with a view to avoid overlaps and duplication and achieving further synergy and cooperation on subjects of common interest. Interactions with the Secretariat of the United Nations System Chief Executives Board for Coordination (CEB) continued and included the need to address the issue of the recommendations that the Unit had made to the CEB.

V. Work programme 2015

12. In accordance with United Nations General Assembly resolution 61/260 of 4 April 2007, by which the Assembly decided to consider jointly the annual report and programme of work of the JIU during the first part of its resumed session, the Unit launched the preparation of its programme of work for 2015 in July 2014.

13. The Unit invited participating organizations to submit their proposals and, for the first time, oversight services and audit committees of participating organizations were involved in the selection process. A preliminary list of 46 subjects for 2015 and for the biennium 2016-2017 was initially sent to participating organizations. A consolidated preliminary list was considered by the Unit, resulting in the adoption of the programme of work for 2015 and in a preliminary roster for 2016-2017.

14. The programme of work for 2015 includes 11 new projects, ten of which are of system-wide or multiple-organization coverage and one relates to a management review of a participating organization; nine of the reviews are report-related and two are non-report projects. The Unit has also identified a number of potential topics for the biennium 2016-217. The roster is not exhaustive and is subject to change.

15. Of the 11 topics on the 2015 work programme, the below eight would be of interest to UNIDO:

(a) Recommendations to the General Assembly for the determination of parameters of a comprehensive review of United Nation system support for small island developing States;

(b) System-wide review of results-based management in the United Nations system (phase II);

(c) Fraud prevention in the United Nations system;

(d) Status of the internal audit function in the United Nations system;

(e) Review of the ombudsman services across the United Nations system;

(f) Succession planning in the United Nations system organizations;

(g) Partnership in the Independent System-wide Evaluation (ISWE): implementation of the pilot phase (non-report);

(h) Review of the acceptance and implementation of the JIU recommendations by organizations (non-report).

16. Further, UNIDO continues to note with appreciation the close cooperation between the JIU and the Secretariat of the United Nations System Chief Executives Board for Coordination (CEB).

VI. Action required of the Board

17. In compliance with the provisions of the Statute of JIU Article 11(4), resolution 48/221 of 23 December 1993 of the United Nations General Assembly, and paragraph 9 of the system of UNIDO follow-up to JIU recommendations, the Board may wish to take note of the information contained in the present document and provide guidance for further concrete action.

IDB.43/15

United Nations Industrial Development Organization

Distr.: General
20 April 2015

Original: English

Industrial Development Board
Forty-third session
Vienna, 23-25 June 2015
Item 10 of the provisional agenda
Personnel matters

Personnel matters

Report by the Director General

In line with staff regulations 13.3 and 13.4, the present document provides information on personnel-related matters in the Secretariat, common system developments and amendments made to the staff rules and regulations. The report complements the information provided in the *Annual Report of UNIDO 2014* (IDB.43/2, chapter 1 and appendices (i) and (j)).

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I. Developments on personnel-related matters

1. Effective 13 March 2015, UNIDO promulgated a revised policy on gender equality and empowerment of women, with specific commitments to integrate gender equality and the empowerment of women into its core values, competency framework, and staff performance management system, with particular focus on staff at levels P-4 and above.

2. Effective 16 March 2015, UNIDO promulgated a revised policy on official travel, aimed at implementing the Board's decision IDB.41/Dec.12 (g) to further reduce travel costs and rationalize standards of accommodation for official travel.

3. Effective 16 March 2015, UNIDO promulgated a revised Human Resource Management Framework, aimed at fostering the career development of staff and harmonizing specific provisions of the Framework with the staff rules and other policies.

II. Common system developments

4. In line with staff regulation 13.3, this report informs the Board of any recent decisions by the International Civil Service Commission (ICSC) and recommendations adopted by the United Nations General Assembly that are of relevance to UNIDO.

Mandatory age of separation

5. Following an ICSC analysis of the impact of increasing the age of separation of active staff on the workforce, succession planning frameworks and relevant human resources management policies, the General Assembly decided, in resolution 69/251 of 29 December 2014, to raise the mandatory age of separation to 65 years for staff recruited before 1 January 2014, taking into account their acquired rights. At the same time, the General Assembly requested the ICSC to revert with an implementation date at its earliest opportunity, but no later than the seventy-first session of the General Assembly in 2016, after consultations with all the organizations of the common system.

Comprehensive review of the compensation package

6. The review has been ongoing and shall be finalized at the next session of the ICSC in July 2015 in Vienna. It will be reported to the General Assembly at its seventieth session(2015). So far, the ICSC has focused on various elements of the new compensation package and has not discussed any transitional arrangements and measures.

Health insurance

7. In resolution 69/251 the General Assembly approved the ICSC's recommendation to maintain at their existing ratios the current apportionment of health insurance premiums between the organizations and both active and retired staff participating in United States and non-United States health insurance plans.

Evolution of the net remuneration margin

8. The ICSC reported to the General Assembly that the margin between the net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the United States federal civil service in Washington, D.C. for the calendar year 2014, amounted to 117.4 and that its five-year average (2010-2014) amounted to 116.4, which was above the desirable midpoint of 115. Furthermore, the ICSC decided to suspend the normal procedure for management of the margin and to continue the freeze in net remuneration in New York.

Rental subsidy thresholds in Vienna

9. The rental subsidy thresholds are used in assessing the eligibility of an internationally recruited staff for a rental subsidy. Based on the results of 2013 housing survey for Vienna, ICSC reduced the existing rates by 1 percent. The new rates were implemented by UNIDO effective 1 May 2014.

Diversity and gender balance in the United Nations common system

10. In resolution 69/251 the General Assembly noted with disappointment the insufficient progress made with regard to achieving the goal of 50/50 gender balance in the United Nations common system, especially in the Professional and higher categories. It requested the ICSC to encourage the organizations to fully implement existing gender balance policies and measures, monitor and periodically review and report on diversity, including geographical and gender balance.

Salary scale for Professional and higher categories

11. Schedule I to the staff regulations. The concept of the base/floor salary scale was introduced by the General Assembly in resolution 44/198 of 21 December 1989, section I.H. The scale is set by reference to the salary scale of the federal civil service of the United States of America in Washington, D.C. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials with the corresponding salaries of their counterparts in the United States federal civil service.

12. By resolution 69/251 the General Assembly approved, with effect from 1 January 2015, the revised base/floor salary scale for staff in the Professional and higher categories that reflect a 1.01 per cent increase (Annex I to this document).

13. The revised salary scale was implemented on a "no-loss/no-gain" basis, i.e. it was accompanied by a corresponding reduction in the post adjustment multipliers for all duty stations. The net remuneration remains therefore the same, except for very minor changes due to rounding.

III. Matters related to staff rules

Salary scale for staff in the General Service Category

14. Appendix A to the staff rules. In accordance with the Flemming principle, General Service (GS) staff shall have pay and other conditions of employment that

match the best on offer at the duty station. The principle was first stated in 1949 and is implemented through the ICSC local salary surveys, conducted periodically at all duty stations. In-between the salary surveys, the GS salary scale is subject to interim adjustments, calculated on the basis of movements of an appropriate wage or price index or a combination of indices.

15. Based on the officially published movements of the local consumer price index and of the local wage index for office workers in the period November 2013 to October 2014, the VIC-based organizations (VBOs) agreed that the GS salary scale in Vienna was due for the next interim adjustment on 1 November 2014 and that the revised salary scale should reflect an increase of 1.8 per cent (Annex II to this document).

16. The increased costs under salaries and related common staff costs for the General Service category at headquarters were estimated at €39,700 for the remainder of 2014 (€31,300 under the regular budget and €8,400 under the operational budget) and to around €243,200 per year (€191,800 under the regular budget and €51,400 under the operational budget) and could be absorbed under the existing budgetary provisions.

IV. Representation of the UNIDO Governing Body on the UNIDO Staff Pension Committee

17. By decision GC.1/Dec.37, the General Conference accepted the regulations of the United Nations Joint Staff Pension Fund and established the UNIDO Staff Pension Committee. In decision GC.15/Dec.19 the Conference elected two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 2014-2015 and authorized the Board to proceed with the election for any of the Committee posts should they become vacant before the General Conference holds its sixteenth session. The Board may wish to recommend to the Conference at its sixteenth session candidates for election to the Committee for the years 2016-2017.

V. Action required by the Board

18. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board

(a) Takes note of the information contained in document IDB.43/15;

(b) Takes note of the progress made in the review of the mandatory age of separation for current staff, the comprehensive review undertaken by the International Civil Service Commission (ICSC), its decision on the rental subsidy thresholds in Vienna, and of the General Assembly's decisions on health insurance, net remuneration margin, diversity and gender balance in the United Nations common system;

(c) Further notes the amendments to the Schedule I of the staff regulations and to appendix A to the staff rules made in compliance with staff regulation 13.4;

(d) Recommends to the General Conference at its sixteenth session the following candidates for the election of two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 2016-2017:

Members: ..... (country)

..... (country)

Alternate: ..... (country)

..... (country);

(e) Also recommends to the General Conference at its sixteenth session to authorize the Industrial Development Board to proceed with the election for any of the above-mentioned post that might become vacant before the General Conference holds its seventeenth session."

Annex I

Schedule I to the staff regulations — Salary scale for the Professional and higher categories

Salary scale for the Professional and higher categories showing annual gross salaries and the net equivalents after application of staff assessment
(United States dollars)
Effective 1 January 2015

LEVEL		STEPS														
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
Director																
D-2	Gross	143 073	146 104	149 138	152 264	155 427	158 589									
	Net D	113 443	115 656	117 871	120 085	122 299	124 512									
	Net S	104 219	106 087	107 948	109 804	111 655	113 495									
Principal Officer																
D-1	Gross	130 745	133 410	136 066	138 730	141 395	144 053	146 719	149 379	152 129						
	Net D	104 444	106 389	108 328	110 273	112 218	114 159	116 105	118 047	119 990						
	Net S	96 540	98 228	99 915	101 595	103 274	104 948	106 615	108 282	109 943						
Senior Officer																
P-5	Gross	108 148	110 412	112 678	114 941	117 210	119 471	121 740	124 003	126 268	128 533	130 799	133 062	135 329		
	Net D	87 948	89 601	91 255	92 907	94 563	96 214	97 870	99 522	101 176	102 829	104 483	106 135	107 790		
	Net S	81 704	83 174	84 638	86 102	87 564	89 020	90 477	91 930	93 381	94 829	96 276	97 716	99 158		
First Officer																
P-4	Gross	89 035	91 056	93 075	95 094	97 115	99 133	101 249	103 434	105 621	107 804	109 993	112 175	114 362	116 549	118 736
	Net D	73 338	74 934	76 529	78 124	79 721	81 315	82 912	84 507	86 103	87 697	89 295	90 888	92 484	94 081	95 677
	Net S	68 294	69 746	71 200	72 646	74 095	75 542	76 989	78 431	79 873	81 315	82 752	84 191	85 629	87 064	88 498
Second Officer																
P-3	Gross	73 181	75 051	76 922	78 787	80 659	82 528	84 396	86 268	88 137	90 006	91 878	93 746	95 616	97 485	99 353
	Net D	60 813	62 290	63 768	65 242	66 721	68 197	69 673	71 152	72 628	74 105	75 584	77 059	78 537	80 013	81 489
	Net S	56 766	58 123	59 484	60 840	62 201	63 558	64 914	66 275	67 631	68 990	70 343	71 699	73 049	74 405	75 759
Associate Officer																
P-2	Gross	60 025	61 697	63 370	65 043	66 715	68 385	70 059	71 729	73 401	75 076	76 746	78 419			
	Net D	50 420	51 741	53 062	54 384	55 705	57 024	58 347	59 666	60 987	62 310	63 629	64 951			
	Net S	47 292	48 491	49 686	50 884	52 080	53 278	54 494	55 708	56 927	58 142	59 354	60 574			
Assistant Officer																
P-1	Gross	46 956	48 453	49 941	51 548	53 152	54 759	56 367	57 977	59 580	61 186					
	Net D	39 913	41 185	42 450	43 723	44 990	46 260	47 530	48 802	50 068	51 337					
	Net S	37 649	38 820	39 991	41 160	42 329	43 499	44 669	45 824	46 974	48 124					

D = Rate applicable to staff members with a dependent spouse or child.

S = Rate applicable to staff members with no dependent spouse or child.

Annex II

Appendix A to the staff rules

Salary scales for staff in the General Service category showing annual gross, gross pensionable and net salary after application of staff assessment
(in Euros)
Effective 1 November 2014

		STEPS											
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII*
G-1	Gross	30 181	31 197	32 223	33 249	34 274	35 300	36 326	37 351	38 377	39 403	40 428	41 454
	Gross pens.	29 632	30 621	31 610	32 598	33 587	34 575	35 565	36 554	37 543	38 531	39 521	40 508
	Net	23 847	24 606	25 365	26 124	26 883	27 642	28 401	29 160	29 919	30 678	31 437	32 196
G-2	Gross	35 208	36 399	37 589	38 780	39 970	41 161	42 351	43 542	44 732	45 946	47 223	48 500
	Gross pens.	34 493	35 637	36 781	37 925	39 068	40 211	41 355	42 500	43 643	44 786	45 929	47 074
	Net	27 574	28 455	29 336	30 217	31 098	31 979	32 860	33 741	34 622	35 503	36 384	37 265
G-3	Gross	41 053	42 434	43 815	45 196	46 648	48 129	49 610	51 091	52 572	54 054	55 535	57 016
	Gross pens.	40 109	41 437	42 762	44 089	45 416	46 742	48 069	49 395	50 721	52 096	53 476	54 858
	Net	31 899	32 921	33 943	34 965	35 987	37 009	38 031	39 053	40 075	41 097	42 119	43 141
G-4	Gross	47 990	49 703	51 416	53 129	54 842	56 555	58 268	59 981	61 694	63 407	65 120	66 833
	Gross pens.	46 615	48 150	49 687	51 237	52 835	54 433	56 032	57 630	59 227	60 826	62 422	64 021
	Net	36 913	38 095	39 277	40 459	41 641	42 823	44 005	45 187	46 369	47 551	48 733	49 915
G-5	Gross	56 381	58 362	60 343	62 325	64 306	66 287	68 268	70 249	72 230	74 212	76 193	78 174
	Gross pens.	54 278	56 123	57 970	59 817	61 663	63 509	65 356	67 201	69 048	70 894	72 741	74 587
	Net	42 703	44 070	45 437	46 804	48 171	49 538	50 905	52 272	53 639	55 006	56 373	57 740
G-6	Gross	66 104	68 394	70 684	72 974	75 264	77 554	79 843	82 133	84 423	86 713	89 003	91 293
	Gross pens.	63 342	65 477	67 611	69 746	71 881	74 014	76 150	78 432	80 719	83 010	85 300	87 589
	Net	49 412	50 992	52 572	54 152	55 732	57 312	58 892	60 472	62 052	63 632	65 212	66 792
G-7	Gross	77 345	79 999	82 652	85 306	87 959	90 613	93 267	95 920	98 574	101 228	103 881	106 535
	Gross pens.	73 823	76 299	78 954	81 605	84 258	86 911	89 565	92 217	94 869	97 522	100 174	102 826
	Net	57 168	58 999	60 830	62 661	64 492	66 323	68 154	69 985	71 816	73 647	75 478	77 309

* Long-service step.

The qualifying criteria for in-grade increase from step XI to step XII are as follows:

(a) The staff member should have had at least 20 years of service within the United Nations common system and five years of service at step XI of the current grade;

(b) The staff member's service should have been satisfactory.

Language allowance: For the first additional language, €1,651 per year net, for the second additional language, €825 (to be included in pensionable remuneration).

Increment: Salary increments within the levels shall be awarded annually, on the basis of satisfactory service.

Non-resident's allowance: €1,889 per year net (to be included in pensionable remuneration) for eligible staff appointed prior to 1 September 1983 and nil thereafter for staff serving in Vienna.